

5. RENEWAL LOAN NO. 1 2001

Officer responsible Director of Finance	Author Paul Baldwin, DDI 371-1853
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The purpose of this report is to seek Council approval to raise refinancing loans totalling \$1,000,000.

In 1995 the Council approved raising Works Development Loan 1995 of \$18,300,000 for the purposes of financing capital works expenditure including the purchase of land. The original term of the loan was for a maximum of 20 years.

Of the sums borrowed \$7,400,000 related to the Travis Wetlands land purchase of which a tranche amounting to \$1,000,000 is due for repayment early July 2001. Because this portion of the loan was raised for capital funding the Council's investment in a LATE the borrowing should continue for the life of the investment. Therefore repayment of this loan would not be made from the capital repatriation reserves and for this reason it is necessary to refinance the maturing tranche by external borrowing. Provision is being made in the 2001-2002 management budgets to re-raise this \$1,000,000 portion of the 1995 Works Development Loan.

Authority is now sought to borrow monies to repay loans tranches maturing early July 2000 totalling \$1,000,000. It is proposed to borrow the sum required from Christchurch City Holdings Limited.

Details of the maturing tranche are:

Works Development Loan 1995 of \$18,300,000
- maturity on 2 July totalling \$1,000,000

In order to refinance the maturing loan, it is necessary for Council to pass the following resolution:

1. *That in exercise of the powers vested in it by the Local Government Act 1974 the Christchurch City Council resolves to raise a loan to be known as Renewal Loan No1 2001 of \$1,000,000 in accordance with the following terms:*
 - (a) *The purpose and terms of the borrowing are:*
 - (i) *to repay maturing loan tranche in respect of Works Development Loan 1995.*
 - (ii) *the maximum amount of the borrowing is \$1,000,000.*
 - (iii) *the maximum term of the borrowing is 15 years,*
 - (iv) *the borrowing or any part thereof shall be repaid by either*
 - *annual payments to a debt repayment reserve at a rate not less than 3 per cent per annum until the reserve and accrued interest earned is sufficient to repay the amount borrowed within the term of the loan,*
 - *or by table loan repayments over 15 years,*
 - *or by one lump sum.*
 - (b) *For the purpose of S.122ZE the Council charges a special rate as security for this loan.*
 - (c) *The Council has considered the risks and benefits to the Council of the borrowing or incidental arrangement and of the security to be given in relation to the borrowing or incidental arrangement.*
 - (d) *The Council is satisfied that the general terms and conditions of the borrowing or incidental arrangement and of the security to be given in relation to the borrowing or incidental arrangement will be in accordance with the current borrowing management policy as adopted by the Council under section 122R of the Local Government Act 1974 and in particular, the limits and guidelines set out in the borrowing management policy.*
2. *That any two of the following persons be delegated authority to act jointly on behalf of the Council to agree the precise terms and conditions of the loan or incidental arrangement.*

<i>Robert A Lineham</i>	<i>Director of Finance</i>
<i>Geoff W Barnes</i>	<i>Funds And Financial Policy Manager</i>
<i>Paul A Baldwin</i>	<i>Funds Accountant</i>

Recommendation: That the above resolution be adopted.